

## Message Text

PAGE 01 STATE 099799  
ORIGIN EA-06

INFO OCT-01 ISO-00 ONY-00 /007 R

DRAFTED BY EA/EP:STAFF:SRP  
APPROVED BY EA/EP:AGEBER  
DESIRED DISTRIBUTION  
EA ONLY

-----073012 190703Z /14

R 190038Z APR 78  
FM SECSTATE WASHDC  
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 099799

LIMDIS PASS USADB FOR AMBASSADOR ONLY

E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT  
APRIL 18, 1978

### 1. US-ASEAN DIALOGUE (LIMITED OFFICIAL USE)

THE ASEAN STANDING COMMITTEE IS MEETING IN BANGKOK  
APRIL 20-22. WE EXPECT AND HOPE THAT A FORMAL DECISION  
WILL BE MADE AT THE MEETING ON THE DATES AND LEVEL OF  
REPRESENTATION FOR THE US-ASEAN MEETING IN WASHINGTON.  
INFORMAL INDICATIONS ARE THAT MOST OF THE ASEAN MEMBERS  
COULD ACCEPT JULY 24-25 AS THE TIME OF THE MEETING BUT  
AUGUST 4-5 MAY BE THE MOST LIKELY ALTERNATIVE IF ONE OR  
THE OTHER MEMBER OBJECTS TO THE JULY DATE. WE ALSO  
EXPECT THAT THE STANDING COMMITTEE WILL RESPOND TO OUR  
REPEATED SUGGESTION TO HAVE US AND ASEAN DEVELOPMENT  
COOPERATION EXPERTS MEET TO DEVELOP A PROGRAM AND PROJECTS.  
CONFIDENTIAL

PAGE 02 STATE 099799

ASEAN SHOULD BE WELL AWARE BY NOW THAT SUCH A PROGRAM  
SHOULD FIT WITHIN THE "NEW DIRECTIONS" OF OUR BILATERAL  
AID. THE STANDING COMMITTEE WILL ALSO MOST LIKELY  
SUGGEST PROCEDURAL ARRANGEMENTS FOR PREPARATION OF THE  
MINISTERIAL MEETING.

THE US REPLIES TO THE 11 ASEAN MEMORANDA WERE DELIVERED

TO THE ASEAN WASHINGTON COMMITTEE LAST WEEK. COPIES ALSO  
ARRIVED IN MANILA AND BANGKOK IN TIME FOR DISTRIBUTION

BEFORE THE STANDING COMMITTEE MEETING.

2. ADB ANNUAL MEETING AND ADF REPLENISHMENT  
(LIMITED OFFICIAL USE)

TREASURY INFORMS US THAT CONGRESSIONAL CONSULTATIONS ON THE ADF REPLENISHMENT HAVE PROGRESSED SATISFACTORILY. GONZALES OF THE SUBCOMMITTEE OF THE HOUSE BANKING COMMITTEE STATED IN A LETTER THAT HE IS PREPARED TO SUPPORT AUTHORIZATION FOR THE ADMINISTRATION PROPOSED AMOUNTS BUT SAID THAT THE CONSULTATIONS WOULD HAVE BEEN MORE MEANINGFUL IF THEY HAD OCCURRED SOONER. TREASURY PLANS TO PROPOSE AT THE ADF REPLENISHMENT MEETING ON APRIL 22 IN VIENNA A REPLENISHMENT AMOUNT BETWEEN 1.8 AND 2.0 BILLION DOLLARS, US SHARE 22.24 PERCENT, OR A US CONTRIBUTION OF 400-445 MILLION DOLLARS OVER FOUR YEARS. HOPEFULLY THIS US POSITION WILL AVOID A MANAGEMENT PROPOSED TWO TIER REPLENISHMENT MECHANISM AT THE 2.15 BILLION DOLLAR LEVEL. ON THE SIDELINES OF THE ADB MEETING, WE PLAN TO HOLD BILATERAL DISCUSSIONS ON HUMAN RIGHTS AND IFI LENDING ACTIVITIES WITH JAPAN, AUSTRALIA AND INDIA. THESE DISCUSSIONS AIM TO DEVELOP MULTILATERAL SUPPORT FOR US HUMAN RIGHTS POSITIONS ON IFI LOANS.  
CONFIDENTIAL

PAGE 03 STATE 099799

TREASURY ASSISTANT SECRETARY BERGSTEN WILL LEAD THESE BILATERALS; DAS MARK SCHNEIDER OF HA, ALEX WATSON OF EB, PERHAPS STEVE OXMAN OF D AND MYSELF PLAN TO PARTICIPATE.

3. OECD EXECUTIVE COMMITTEE IN SPECIAL SESSION (XCSS)  
DISCUSSES ISSUES OF ECONOMIC INTERDEPENDENCE  
(LIMITED OFFICIAL USE)

THE OECD XCSS DISCUSSED THREE INTERRELATED TOPICS:  
A) NEED FOR POSITIVE ADJUSTMENT POLICIES IN OECD COUNTRIES;  
B) A LONG-TERM APPROACH TO NORTH-SOUTH RELATIONS; AND  
C) PROBLEMS POSED BY NEWLY INDUSTRIALIZING COUNTRIES.  
ON ADJUSTMENT POLICIES OECD SECRETARIAT FELT THAT CERTAIN MEASURES ADOPTED TO BRIDGE 1974-75 RECESSION NOW SERVE TO INHIBIT ADJUSTMENT, THAT OECD MINISTERS SHOULD BE SENSITIZED TO DANGERS OF CURRENT TRENDS IN INDUSTRIAL, MANPOWER AND REGIONAL POLICIES AND THAT THEY ACCEPT A SHIFT TO "POSITIVE" ADJUSTMENT POLICIES. SOME COUNTRIES CAUTIONED AGAINST VIEWING INTERVENTION IN BLACK AND WHITE TERMS AND SUGGESTED THAT SOCIAL, HUMANITARIAN AND POLITICAL REASONS HAVE TO BE TAKEN INTO ACCOUNT. BUT THERE WAS GENERAL AGREEMENT THAT OECD WORK IN THIS FIELD IS ON THE RIGHT TRACK AND SHOULD BE BROUGHT BEFORE OECD MINISTERIAL AND REFLECTED IN ITS COMMUNIQUE.  
ON METHODOLOGY FOR DEVELOPING A LONG-TERM APPROACH TO NORTH-SOUTH RELATIONS, XCSS GENERALLY AGREED ON THE NEED TO TAKE STOCK OF WHAT HAD BEEN ACCOMPLISHED IN RECENT

YEARS AND IDENTIFY SELECTED FUNCTIONAL AREAS WHERE NORTH-SOUTH CONVERGENCE OF INTERESTS WAS EVIDENT. IT ALSO BROADLY ENDORSED IDEA OF APPROACHING ISSUES FROM POINT OF VIEW OF MANAGING WORLD INTERDEPENDENCE (AS OPPOSED TO RECONCILING CONFLICTING CLAIMS OF POOR VS. RICH). VERY PRELIMINARY DISCUSSION OF SECRETARIAT'S PAPER ON NEWLY INDUSTRIALIZING COUNTRIES (KOREA, BRAZIL) REVEALED SOME DIFFERENCES IN ATTITUDES, WITH US (COOPER) AND JAPAN CAUTIONING AGAINST USING THESE COUNTRIES AS CONFIDENTIAL

PAGE 04 STATE 099799

SCAPEGOATS FOR OECD PROBLEMS AND FRANCE AND UK MORE INTERESTED IN ACTIVE APPROACH TO DIFFICULTIES.

4. OPIC (UNCLASSIFIED)

CONGRESS PASSED THE OPIC BILL APRIL 11 EXTENDING OPIC'S AUTHORITY THROUGH SEPTEMBER 30, 1981. ALL OF THE POTENTIALLY DAMAGING AMENDMENTS EMERGED FROM CONFERENCE AND WERE PASSED IN RELATIVELY MILD FORM, LEAVING THE PROGRAMS ESSENTIALLY AS BEFORE, ALTHOUGH WITH A GREATER EMPHASIS ON THE DEVELOPMENT OBJECTIVE. CONGRESS TERMINATED THE PRIVATIZATION MANDATE AND HAS PROHIBITED OPIC FROM JOINT INSURANCE UNDERWRITING WITH PRIVATE FIRMS. THE BILL WRITES INTO LAW THE ADMINISTRATION POLICY OF RESTRICTING OPIC'S INSURANCE PROGRAM IN WEALTHIER LDCS. "PREFERENTIAL CONSIDERATION" IS NOW REQUIRED FOR US SMALL BUSINESS BUT NOT IN ONEROUS FORM; SMALL BUSINESS IS DEFINED GENEROUSLY AS "BELOW THE 'FORTUNE 1000'," AND THE TARGET PROPORTION OF INSURANCE AND GUARANTEE CONTRACTS FOR SMALL BUSINESS IS 30 PERCENT OF PROJECTS (NOT DOLLAR VOLUME). DIRECT LOANS, HOWEVER, ARE LIMITED ENTIRELY TO SMALL BUSINESS. AMONG OTHER NEW PROVISIONS, OPIC IS PROHIBITED FROM SUPPORTING PROJECTS WHICH REDUCE US EMPLOYMENT. THE BILL PROHIBITS SUPPORT OF PALM OIL, SUGAR, OR CITRUS PROJECTS FOR EXPORT, SEVERELY RESTRICTS ASSISTANCE TO COPPER PROJECTS, AND LIMITS RESOURCES DEVOTED TO OIL AND GAS AND OTHER MINERALS. THE LEGISLATION DIRECTS OPIC TO DENY AN INSURANCE CLAIM WHERE BRIBERY IS A "PREDOMINANT CAUSE" OF A LOSS. THE HUMAN RIGHTS PROVISION OF THE FOREIGN ASSISTANCE ACT (SECTION 116) WAS MADE EXPLICITLY APPLICABLE TO OPIC.

5. US-JAPAN TRADE FACILITATION COMMITTEE (TFC)  
(CONFIDENTIAL)

FRANK WEIL HAS PROPOSED THAT A THIRD TFC SENIOR REVIEW COMMITTEE MEETING BE HELD IN TOKYO JUNE 16-17, TO BE CONFIDENTIAL

PAGE 05 STATE 099799

OF TFC CASES. THE GOJ HAS GIVEN US ESSENTIALLY NEGATIVE RESPONSES IN RECENT WEEKS ON SEVERAL TFC CASES WHERE WE HAD THOUGHT THE US COMPLAINANT'S POSITION STRONG. DESPITE THE MARCH DECISION OF THE ECONOMIC CABINET THAT MITI

SPEAKS FOR THE GOJ ON TFC MATTERS, MITI APPEARS TO BE TAKING THE POSITION THAT IT IS UNABLE TO INFLUENCE THE POSITIONS TAKEN BY OTHER GOJ AGENCIES. THUS THE TFC MECHANISM DOES NOT APPEAR TO BE WORKING WELL. THE GOJ IS NOT GIVING IT A DEGREE OF SUPPORT CONSISTENT WITH GOJ COMMITMENTS TO THE US AND BROADER JAPANESE INTERESTS.

6. COMMONWEALTH MEETING ON COMMON FUND (CONFIDENTIAL)

WHILE THE BRITISH PRIVATELY INSIST THEY HAVE MADE NO SHIFT IN THEIR POSITION ON A COMMON FUND, THE COMMUNIQUE COMING OUT OF THE APRIL 13-14 COMMONWEALTH COUNTRIES MEETING TO DISCUSS A COMMON FUND CAN BE INTERPRETED AS REFLECTING SIGNIFICANT CONCESSIONS TO THE G-77 POSITIONS ON DIRECT CONTRIBUTIONS AND A SECOND WINDOW. THE BRITISH, WHO POINT OUT THEY WERE IN A SMALL MINORITY BACKED TOTALLY ONLY BY CANADA, CONTEND THEY HAD TO TRY TO WORK OUT SOME COMPROMISE COMMUNIQUE LANGUAGE TO AVOID HAVING THE MEETING BREAK UP NOISELY. AUSTRALIA GAVE THE APPEARANCE OF BACKING THE LDC SIDE AND NEW ZEALAND SOFTENED ITS POSITION ON THE OTHER MAIN ISSUE, THE SECOND WINDOW. THE OUTCOME OF THIS MEETING IS LIKELY TO STRENGTHEN THE HANDS OF LDCS WHO WANT TO HOLD A HARD LINE POSITION ON THE COMMON FUND ISSUE, A PROSPECT THAT DOES NOT BODE WELL, FROM THE USG POINT OF VIEW, FOR THE LIKELIHOOD OF AN EARLY RESUMPTION OF THE NEGOTIATING CONFERENCE.

7. TIN (LIMITED OFFICIAL USE)

WHILE THE REPORTING CABLE ON THE APRIL 10-14 INTERNATIONAL TIN COUNCIL MEETING IS NOT IN YET, WE UNDERSTAND THE MEETING WENT REASONABLY WELL FROM THE USG POINT OF VIEW. WHILE CONTENTIOUS TO SOME DEGREE, THE MEETING WAS APPARENTLY LESS CONFRONTATIONAL THAN THE JANUARY SESSION. THE PRODUCERS AGAIN INSISTED ON FORCING THE PRICE BAND INCREASE ISSUE TO A VOTE, BUT IT WAS VOTED DOWN APPARENTLY

CONFIDENTIAL

PAGE 06 STATE 099799

QUITE HANDILY, BY THE CONSUMER NATIONS. THE US LEGISLATIVE PROPOSALS FOR DISPOSAL OF GSA TIN STOCKS WERE THE SUBJECT OF CONSIDERABLE DISCUSSION. AN AGREEMENT WAS REACHED TO SET UP A WORKING GROUP COMPRISED OF FIVE PRODUCER AND FIVE CONSUMER COUNTRIES, INCLUDING THE US, TO MONITOR DEVELOPMENTS AND RECOMMEND COURSES OF ACTION TO THE ITC. BOLIVIA WAS UNABLE TO MUSTER ANY SUPPORT FOR ITS POSITION THAT THE ITC SHOULD FLATLY OPPOSE ANY GSA TIN STOCK DISPOSALS.

CONFIDENTIAL

8. RUBBER (LIMITED OFFICIAL USE)

AN APRIL 7-8 MEETING OF THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANPRC), WHICH INCLUDES THE FOUR ASEAN COUNTRY RUBBER EXPORTERS PLUS PAPUA NEW GUINEA, INDIA AND SRI LANKA, CONCENTRATED CHIEFLY ON FORMULATING THE ANPRC'S PROPOSAL FOR AN INTERNATIONAL RUBBER AGREEMENT. THE EXECUTIVE COMMITTEE WILL MEET IN KUALA

LUMPUR APRIL 19-22 TO FINALIZE THE DRAFT. SEVERAL MEMBERS, INCLUDING SINGAPORE, THAILAND AND INDIA, ARE LESS THAN ENTHUSIASTIC ABOUT THE CURRENT PROPOSAL. REPORTS FROM THE MEETING INDICATE THERE IS GROWING DISCONTENT IN THE ANPRC OVER THE INCREASINGLY DOMINANT POSITION OF THE MALAYSIANS.

9. ASEAN COMMERCIAL DEVELOPMENTS (LIMITED OFFICIAL USE)

A. FOREIGN INVESTMENT

EMBASSY SINGAPORE REPORTS THAT THE ASEAN CHAMBERS OF COMMERCE AND INDUSTRY (CCI) ARE RECOMMENDING TO ASEAN GOVERNMENTS THAT NEW RESTRICTIONS BE PLACED ON FOREIGN INVESTMENT. THE CCI WORKING GROUP ON INDUSTRIAL  
CONFIDENTIAL

PAGE 07 STATE 099799

COMPLEMENTATION, ACCORDING TO ITS INTERIM EXECUTIVE DIRECTOR, HAS RECOMMENDED TO THE PERTINENT ASEAN COMMITTEE THAT LOCAL FIRMS RECEIVE PREFERENCE IN ASEAN INDUSTRIAL COMPLEMENTATION PROJECTS.

B. GSP FOR ASEAN

JAPAN HAS INTRODUCED A CUMULATIVE RULE OF ORIGIN FOR ASEAN EXPORTS UNDER ITS GSP PROGRAM. THE BENEFITS HAVE NOT YET BEEN WORKED OUT. IT HAS BEEN SUGGESTED THAT THE US DO LIKEWISE, BUT THIS WOULD REQUIRE A CHANGE IN US LEGISLATION, AND THE BENEFITS MAY NOT BE WORTHWHILE.

CHRISTOPHER

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 26 sep 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, ECONOMIC REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 apr 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE099799  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** EA/EP:STAFF:SRP  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D780167-0248  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197804109/baaafcll.tel  
**Line Count:** 253  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Message ID:** b438bda6-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** ONLY LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** ONLY LIMDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 06 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2830293  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT APRIL 18, 1978  
**TAGS:** EGEN, ECON, XC, XE, XP, US  
**To:** ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/b438bda6-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014